Agenda – Council – July 21, 2010

Report - Executive Policy Committee - July 14, 2010

Item No. 12 Neighbourhood Multiple-Family / Mixed-Use Building Grant Program
eFile EX

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 21, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That funds available for the Neighbourhood Multiple-Family / Mixed-Use Building Grant program be increased by $1.7M to allow applications not yet conditionally approved, but received prior to the Program deadline of June 1, 2010, to be processed.

2. That the Winnipeg Public Service complete the three year review of the program and continue discussions with the Province of Manitoba to include provincial participation under the structure of the Province's Community Revitalization Tax Increment Financing Act with incremental education-related taxes and to report back on recommendations for continuation.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Executive Policy Committee - July 14, 2010

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 21, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Issue: **Neighbourhood Multiple Family - Mixed Use Building Grant Program review and extension**

Critical Path: **Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
S. Dueck	D. Joshi	M. :Ruta	A. Robinson Deputy CAO

RECOMMENDATIONS

1. To increase funds available for this Program by $1.7M to allow applications not yet conditionally approved, but received prior to the Program deadline of June 1, 2010, to be processed.
2. For the Public Service to complete the three year review of the program and to continue discussions with the Province of Manitoba to include provincial participation under the structure of the Province's Community Revitalization Tax Increment Financing Act with incremental education-related taxes and to report back on recommendations for continuation.

REASON FOR THE REPORT

On June 23, 2010, Council referred the following May 19, 2010 Motion to the Winnipeg Public Service for report back to Executive Policy Committee in November 2010:

> *THEREFORE BE IT RESOLVED that the City Council direct the Winnipeg Public Service to renew or extend the existing Neighbourhood Multiple Family/Mixed-Use Building Grant program for another three years with a new subscription commitment of $15 million of municipal taxes;*
>
> *AND BE IT FURTHER RESOLVED that the Winnipeg Public Service work with the Province of Manitoba to expand the program to include a grant in respect to education taxes, as well as the municipal taxes, as done in April, 2010 for the Downtown Residential Development Grant Program.*

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IMPLICATIONS OF THE RECOMMENDATIONS

The Neighbourhood Multiple Family / Mixed-Use Building Grant Program (By-law 122/2007) was a three-year program that expired on June 1, 2010. The Public Service is engaged in a review of this Program and has initiated discussions with the Province regarding potential participation.

The Province has recently agreed to participate with the City in the Downtown Residential Development Grant Program with incremental education-related taxes under the structure of its Community Revitalization Tax Increment Financing Act. The Province has indicated a willingness to participate in preliminary discussions with the City of Winnipeg regarding a program outside of the Downtown later in the fall of 2010 and once some initial results are available from the Downtown Residential Development Grant Program.

The Public Service will make recommendations regarding continuing the Program and potential changes in light of its review and these negotiations.

Funding Increase

To date, the Program has conditionally approved 48 projects representing 1427 new dwelling units. It is considered fully subscribed at $14.4 million of estimated grants out of $15 million subscription limit. The $600,000 was retained as a contingency in the event of actual incremental taxes being higher than estimated, and in the event of possible tax increases during the course of the grant.

Applications for 13 projects representing 227 units and an estimated $1.5 – $1.7 million in grants were received prior to the Program deadline of June 1, 2010 but were not yet conditionally approved due to subscription limits. It is recommended that the funding available to this Program be increased by $1.7M to allow these applications to be processed and conditionally approved.

HISTORY

In 2002, the Multiple Family Dwelling Grant Program By-Law No. 8060/2002 (MFDG By-law) was introduced to provide incentives for neighbourhood revitalization. The Program was designed to provide financial assistance to multiple family redevelopment and renovation projects on vacant and boarded sites in Winnipeg's Major Improvement Areas, Rehabilitation Areas and the Downtown. The MFDG By-law was passed on the basis of a three (3) year pilot project in order to provide an opportunity to monitor and assess the impact of a multiple family tax grant program. The maximum total tax grants available under the Program was limited to $3 million.

On May 22, 2005, the MFDG By-law expired. A total amount of $2.6 million had been committed for sixteen projects containing a total of 532 new dwelling units. The Program leveraged approximately $89.2 million in private investment and generated incremental tax revenues of approximately $1 million per year

Established in 2007, the Neighbourhood Multiple Family / Mixed-use Building Grant Program (By-law 122/2007), together with its downtown counterpart, represented a 'second generation' of the original MFDG. Originally, a $10 million limit was established for grants within the Downtown Program and a $5 million limit was established for the Neighbourhood Program. On March 25, 2009, Council approved an additional $10 million towards the Neighbourhood Program which was fully subscribed at the time.

On November 25, 2009, policy and by-law amendments to and clarification of the calculation method used for subscribing to the Program were made.

On June 23, 2010, Council referred the following May 19, 2010 Motion to the Winnipeg Public Service for report back to Executive Policy Committee in November 2010:

> *THEREFORE BE IT RESOLVED that the City Council direct the Winnipeg Public Service to renew or extend the existing Neighbourhood Multiple Family/Mixed-Use Building Grant program for another three years with a new subscription commitment of $15 million of municipal taxes;*
>
> *AND BE IT FURTHER RESOLVED that the Winnipeg Public Service work with the Province of Manitoba to expand the program to include a grant in respect to education taxes, as well as the municipal taxes, as done in April, 2010 for the Downtown Residential Development Grant Program.*

FINANCIAL IMPACT

Financial Impact Statement Date: July 8, 2010

Project Name:

Neighbourhood Multiple Family / Mixed Use Building Grant Program – Program review and extension

COMMENTS:

The recommendations contained in this report include:

1. To increase funds available for this Program by $1.7M to allow applications not yet conditionally approved, but received prior to the Program deadline of June 1, 2010, to be processed.
2. For the Public Service to continue discussions with the Province of Manitoba to include provincial participation under the structure of the Province's Community Revitalization Tax Increment Financing Act with incremental education-related taxes.

While there will be financial implications should Council approve these recommendations, neither the timing nor amounts involved are determinable at this time. However, the recommendations, if approved, will not result in any out-of-pocket costs for the City. The proposed maximum total additional tax grant amount of $1.7 million is to be financed by the incremental tax revenues generated. Once the ten-year period, on which the incremental municipal tax revenue will be paid out to successful applicants, has passed, all municipal taxation revenue (i.e. both the base or current amount plus the incremental portion) will accrue to General Revenue Fund.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department

External Consultation with:

Province of Manitoba
Local Government
Manitoba Housing and Community Development

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Housing & Homelessness
Prepared by:	Stan Dueck
Date:	July 12, 2010
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